



UNITED STATES ENVIRONMENTAL PROTECTION AGENCY  
REGION 4  
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M 2 4 2006

Magalie R. Salas, Secretary  
Federal Energy Regulatory Commission  
888 First Street, N. E., Room 1A  
Washington, D.C. 20426

SUBJECT: Draft Environmental Impact Statement for the Clean Energy LNG Project, May  
2006 CEQ No. 20060206 and ERP No. FRC - E0315-MS

Dear Ms. Salas:

Pursuant to Section 309 of the Clean Air Act [CAA] and Section 102[2][C] of the National Environmental Policy Act [NEPA], EPA-Region 4 has reviewed the Federal Energy Regulatory Commission [FERC] Draft Environmental Impact Statement [DEIS] for the Clean Energy [Applicant] LNG Pipeline LLC project. Under Section 309 of the CAA, EPA is responsible for reviewing and commenting on major federal actions significantly affecting the quality of the human environment. EPA also serves as a cooperating agency during the NEPA process. Our review of the DEIS includes comments in accordance with both EPA roles.

The subject document is an evaluation of the environmental consequences of construction/operation of a liquefied natural gas [LNG] import terminal and natural gas pipeline complex in Pascagoula, Mississippi. Functionally, this on-shore facility would consist of the means to receive, store, and re-gasify LNG, which would be transported to the site via specialized ships and then transhipped to various end-users by a pipeline system. The import terminal would consist of two full containment storage tanks [160,000 cubic meter]; the LNG re-gasification system [10 submerged combustion vaporizers - "closed-loop"]; and operational equipment, including support/pipeline interconnects, electric transmission, vapor handling, and infrastructure. Condensate from the re-vaporization system would be discharged into the marine environment adjacent the facility. The exact constituent[s]/temperature differential of this discharge are not provided; however, based on our analysis of similar LNG re-gasification systems, this effluent should pose only nominal adverse impacts to the receiving waters. Dredging a berthing area for the LNG ships would generate approximately 3 million cubic yards of material with disposal proposed in the existing designated site south of Horn Island.

The facility would re-vaporize and deliver natural gas at a continuous rate of approximately 1.5 billion cubic feet per day. An existing distribution network - with some new construction - would be used to transport the finished gas product to various market users. Because of its exposed location, a circumferential dike wall [45' x 25'] would be constructed to mitigate the potential hazards of hurricane surge. Construction of the proposed project is

forecast to be completed in 2009.

FERC examines multiple alternatives in the DEIS, including: alternative sites [on-and offshore] for the port; alternative pipeline routes; terminal slip configurations; re-vaporization technologies; dredge material placement options; and various infrastructure siting locations. Application of screening criteria and purpose/need analyses narrowed the range of options to a manageable number and these were carried forward for further review. After evaluation, the array of alternatives was further winnowed. Among this final set of practicable options is the applicant's proposal, *i.e.*, location south of the Chevron Refinery; "Louisville/Nashville" pipeline alignment to the Gulfstream/BP/Destin interconnections; use of closed-loop vaporization; and disposal of excess excavated material in the Horn Island site. The DEIS compared/contrasted impacts resulting from the action alternatives with the no-action option.

We recognize the importance of bringing additional natural gas supplies into the eastern Gulf of Mexico region. On the basis of our current understanding, it appears that the overall impacts, as well as the specific kinds of effects, associated with the proposed Clean Energy project can be effectively mitigated via collaboration among the involved parties. However, as described in our detailed comments, we recommend the Final EIS contain specific baseline data about certain environmental effects of the proposed project. In addition, the detailed comments identify additional functional areas that we believe warrant more substantiation, including a wetland mitigation package; the effects of terminal construction/operation on near-shore aquatic resources; the acceptability of the excavated material for offshore disposal; a more comprehensive cumulative impacts assessment; and more thorough evaluation of socioeconomic factors to support conclusions regarding environmental justice [EJ] issues.

As a result of our long-term experience with similar coastal facilities, discussions with the applicant's consultant during the NEPA process, and numerous interactions with state/federal agencies, we believe concerns and issues raised in our comments can be resolved. Hence, we have assigned a rating of **EC-2** to the overall action, including the applicant's proposal. That is, we have environmental concerns [EC] about the degree/extent to which the long-term operation of this proposed re-gasification facility could affect local environmental quality and [2] we recommend additional information be provided in the Final EIS to strengthen the evaluation of the proposed project's overall impacts. To expedite review and facilitate evaluation of project-related materials, we recommend FERC provide us with the information requested in our detailed comments before circulation of the Final EIS. We believe that expeditious evaluation of these materials could also be enhanced through a series of informal technical meetings among our staff, FERC staff, and representatives of the applicant.

Because the evaluation process is time constrained, we will make resolution of the noted outstanding issues a high priority. Our technical staff will continue to work with your staff through the remainder of the NEPA process to reach agreement on an environmentally acceptable outcome.



Thank you for the opportunity to review and comment on this DEIS. If you have further questions, please have your staff contact Dr. Gerald Miller by telephone at [404] 562-9626 or by e-mail at [miller.gerald@epa.gov](mailto:miller.gerald@epa.gov).

Sincerely,

A handwritten signature in black ink, appearing to read "Heinz Mueller", with a stylized, flowing script.

Heinz J. Mueller, Chief  
NEPA Program Office

Enclosure